Woodhull, Victoria Claflin

A speech on the principles of finance

New York

1871

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

Woodhull, Victoria C., (Victoria Claflin), 1838-1927.
A speech on the principles of finance, by Victoria C. Woodhull, delivered at Cooper Institute, New York City, Thursday, August 3, 1871. New York, Woodhull, Claflin & Co., 1871.
29 p. 23 cm.

Volume of pamphlets.

1. Money--Addresses, essays, lectures. I. Title.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 10:1 IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 2/5/98 INITIALS: F.C.

TRACKING # : 30409

A SPEECH

ON

THE PRINCIPLES OF FINANCE,

BY

VICTORIA C. WOODHULL,

DELIVERED AT

COOPER INSTITUTE, NEW YORK CITY,

THURSDAY, AUGUST 3, 1871.

NEW YORK:
WOODHULL, CLAFLIN & CO., No. 44 BROAD STREET.
1871.

PROSPECTUS.

WOODHULL & CLAFLIN'S WEEKLY.

[The only Paper in the World conducted, absolutely, upon the Principles of a Free Press.]

It advocates a new government in which the people will be their own legislators, and the officials the executors of their will.

It advocates, as parts of the new government—

1. A new political system in which all persons of adult age will participate.
2. A new land system in which every individual will be entitled to the free use of a proper proportion of the land.
3. A new industrial system, in which each individual will remain possessed of all his or her productions.
4. A new commercial system in which "cost," instead of "demand and supply," will determine the price of everything and abolish the system of profit-making.
5. A new financial system, in which the government will be the source, custodian and transmitter of money, and in which usury will have no place.
6. A new sexual system, in which mutual consent, entirely free from money or any inducement other than love, shall be the governing law, individuals being left to make their own regulations; and in which society, when the individual shall fail, shall be responsible for the proper rearing of children.
7. A new educational system, in which all children born shall have the same advantages of physical, industrial, mental and moral culture, and thus be equally prepared at maturity to enter upon active, responsible and useful lives.

All of which will constitute the various parts of a new social order, in which all the human rights of the individual will be associated to form the harmonious organization of the peoples into the grand human family, of which every person in the world will be a member.

Criticism and objections specially invited.

The WEEKLY is issued every Saturday.

Subscription price, $3 per year; $1.50 six months; 10c. single copy, to be had of any Newsdealer in the world who can order it from the following General Agents:

The American News Co., New York City;
The New York News Co., New York City;
The National News Co., New York City;
The New England News Co., Boston, Mass.
The Central News Co., Philadelphia, Pa.;
The Western News Co., Chicago, Ill.

Sample copies, mailed on application, free.

VICTORIA C. WOODHULL AND TENNIE C. CLAFLIN, Editors and Proprietors.

COL. J. H. BLOOD, Managing Editor.

All communications should be addressed

WOODHULL & CLAFLIN'S WEEKLY,
Box 3,791, New York City.

THE PRINCIPLES OF FINANCE.

MONEY! IS IT A PRINCIPLE OR A PROPERTY?

To the careful student of history, there is a very great deal more to be considered than the mere political facts that stand as landmarks along the path of progress which the nations have traversed since the plains of Iran poured forth their hosts westward. These facts are the mere externals that adorn the pages of historic lore, and embellish the memories of the great men who have lived in and moved the world at various times in various nations, or which clothe the lives of tyrants and usurpers with their just reward.

The superficial student of history cares only for the *results* of the evolution of nations—for the *fact* that Sesostris was the greatest of Egyptian kings; or that Semiramis rose by her military sagacity from the rank of a mean official's wife to be, first, the Queen of Ninas, and afterward to be the Assyrian Queen, who should march an army of three millions men across the Indus to conquer the Indian King. Running down the course of events, he traces the rise and fall of nations—after Assyria then Egypt, next Persia, Greece, Rome and then the Dark Ages, out of whose womb was evolved modern Europe; and, lastly, the birth, development, struggle and recovery of the most remarkable nation which has yet arisen in the world.

Behind these facts, which are but results, lie the real motor powers

of history; and they are deeper, broader and more important than is that which *they* evolve. There is an external and an internal phase to everything existent in the world. Up to *this* generation the external has apparently borne the more prominent part in determining what should be next. But *now* the analytic age has begun, wherein facts do not suffice: wherein new systems, new theories, new philosophies and even new religions are constructed, not by an examination of the *errors* of what has been, but by the *discovery* and *application* of the principles, the powers, which underlie those errors.

Heretofore there has been no inquiry made by the rulers of the people into the general principles of government. It was sufficient that there was a government maintained, the governors caring for little but the power to compel the people to do their bidding. But it is beginning to dawn upon the minds of those who have something more than a selfish interest in humanity that there *is a science* of government; aye, even that there is a science of society: and such minds are endeavoring by the deepest researches to discover the principles of these sciences.

In our government, the principle of individual rights is theoretically held, though in its application government still interferes with those rights. The legitimate functions of a government, based upon the rights of every individual over whom its power is exercised, are limited to the *duties* that will best *subserve* and *protect* the interests of individuals. The proper understanding and practice of these functions is the most important thing for a people to arrive at, but, having arrived at this as the basis of all the relations of the people, the scientific construction of the various departments of the complete superstructure which is to cover all the public interests of all the people, as well as to maintain their private interests intact, can be begun.

After the general principles of government are properly formulated in Constitutions and vitality given them by laws, a correct, a scientific financial system stands *next* in importance. If a country have a true system of *government*, and do not have a true system of *finance*, it can never attain to any *permanent* prosperity. Literally speaking, finance is a *part* of government; since, in organizing it, means for its support

are among the first considerations. Hence it is plain, if there are principles of government, so must there also be principles of finance.

It has never been pretended, so far as I know, even by the profoundest political economists, who are sticklers for the gold standard, that any financial systems the world has ever known were developed by the scientific application of self-evident truths, which is the nature of principles.

The various systems of which use has been made were simply *experimental*, devised for *politic* reasons, as the *best* methods to meet the exigencies of the times in which they were required. Instance the Greenback, the necessity for which was such as to shake the nation to its very centre, and to fill the minds of all patriots with a dread foreboding.

If there have been no scientific money systems in vogue, and it now comes out that the world has arrived at that degree of advancement wherein *policy* should give way to *principles*, even in finance, there can be nothing gained by going back to review the errors, failures and fallacies of the past. Nothing valuable can be gained by wading through the almost innumerable statistics which have accumulated to a sufficiently great extent to bewilder the most comprehensive intellects. Having for ten years been deeply engaged in studying the principles of government, I learned that no system of government could be perfect unless its financial department was perfected; therefore I have frequently endeavored to solve the financial problems which statistics propose, but *invariably* failed to learn anything that even promised to look well as a basis for a new and improved system, to say nothing of its promises in operation.

The conclusion was inevitable, that there have been *no* acknowledged or even known, fundamental principles of finance operating in *any* of the many systems of the many nations, and that the so-called money of the world *is not now*, *nor ever was*, money, in the scientific sense of that term.

All the statistics, failures and errors of the past, with which the history of money abounds, being of no value, must be utterly ignored in any inquiry which proposes to predicate a natural and scientific

money, as distinguished from arbitrary inventions, devised to meet the various exigencies of nations in their growth, prime and decay. And *any* person who proposes to teach finance, or a new system, by arraying before you the evidences of the past, contained in figures amounting to billions of dollars. simply proposes to try *another experiment*, to *culminate* in another failure.

Therefore I shall present no principals, per cents. and compounded amounts, except, perhaps, as examples to illustrate the mathematical impossibilities of the fallacious theories by which financiers have attempted to dazzle the world, but who have only succeeded in accumulating in the hands of a very select few that which by an exact justice should belong to, and be distributed among, the people generally.

In order to intelligently discuss and arrive at legitimate conclusions regarding the question of money, it should be *first* determined just what is to be involved in the discussion; for around this, as around all other general things, there has been such a mass of rubbish and extraneous matter aggregated that the main question is always in danger of being lost sight of, unless this be first removed and the real issue left clearly exposed.

Most of the confusion which follows the attempts to solve the money question arises out of the fact that the *same* words in the mouths of *different* people do not mean the *same* things, or that *different* words are used by *different* people to mean the *same* thing. If there are two words in common use to represent similar objects, but which, upon close analysis, *do not* represent precisely the same thing, it is better that *one* of them be discarded. It is necessary, therefore, to settle, prior to the beginning of this argument, *precisely* what the several terms *do* mean which are prominently in use in connection with the money question. It is, perhaps, near the truth to say that this settlement is the argument. Very few persons have any well-defined comprehension of what is the *real* significance of the terms *gold*, *money*, *currency*, *intrinsic value* and *wealth*. If these words are analyzed, what do they scientifically represent?

Gold is a product of the earth only to be originally obtained by labor and expense, and both practically and scientifically bears like relations

to labor that all other things do which are produced *by* labor; and none other. But there has been an importance attached to gold which has not been accorded to *any other* product of labor. It has been coined and called money, because it was coined, and by custom and common acceptance made an *arbitrary* standard of value, which *none* of its qualities warrant when subjected to analysis, as will be shortly shown.

Gold bears the same relation to *real* money that a religious theory bears to *real* religion, which theory, when comprehended by the intellect of the people, loses its value as a substitute for real religion; but which, until comprehension comes, it is better to have than to have none at all. So also with gold. It has in *theory* been considered as *money*; but when a *true* money comes to be comprehended, it will lose its value as a substitute therefor, and sink to its proper sphere among the other products of labor.

It is altogether probable that gold was the very best substitute for money during that part of the world's evolution wherein people were guided and controlled by policy and before principles were recognized as that which should govern, let their action lead where it might. As the world is now beginning to act from *principle*, for the sake of the *truth*, so also must they now begin to formulate the principle of money for the sake of the principle.

Wealth is whatever is produced by labor which adds to the *comforts*, the *happiness* or the *life* of man; and everything that does this, either directly or indirectly, has intrinsic value—that is, has the capacity to bless mankind.

Wealth may, and should, be divided into two kinds, namely, *permanent* wealth and *transitory* wealth.

Permanent wealth consists of all those products of labor which are not themselves *transferable* into life, comfort or happiness, but which may at all times be *exchanged* for that which is thus transferable into that which can be used to continue life. Gold, silver and precious stones are among the best illustrations there are of permanent wealth.

Transitory wealth consists of all those products of labor of which *direct* use is made to maintain life or to add to its comforts and happi-

ness, and which, *by* such process, are absorbed *into* and become *a part of* the life of humanity. Transitory wealth, it will be seen, is much the more important of the two, since, if people only possessed permanent wealth, their life could not be continued an hour by it, unless there were a possibility of exchanging it for the necessities of life.

It would seem that *all* kinds of wealth are intrinsically valuable, since its various kinds may be either *directly* used to maintain life or may be *exchanged* for those which will maintain life. Wealth and intrinsic value, then, mean the same thing.

But what does the term *money* mean: or has it no necessary significance in the inquiry?

There was a time when there was no such *thing* or *word* as money; but at that time there was life to continue, for which wealth was necessary. It seems that *wealth* had existence before *money* was thought of. Wealth is substance, of which money is the principle or representative, but which, in itself, has no intrinsic value.

Money is an invention made to *represent* wealth, or value, in order that its various kinds may be exchanged with facility, or that they may be exchanged without the absolute and direct and immediate receipt and delivery of one product of labor for another product of labor. All the products of labor may be exchanged *directly*, and without the use of any representative or go-between, which for the time being stands representative of the one or the other, but *not so well* at all times and under all circumstances. Money is *anything* which stands representative of any product of labor; that is, that can be made use of to facilitate the exchange of any of the results of labor, which are wealth. A representative of anything cannot be the thing itself, therefore, if money is a representative of wealth it is not itself wealth. Were A, B and C to at all times exchange their products between themselves by *direct transfer*, they would have *no use* for money; they would exchange—deliver and receive—*actual* values. But when A desires from B some of his products, himself not having on hand any of his products which B desires, he receives from B his value and gives him his representative of value—his note—promising that at a future time he will deliver B the *actual* value which he desires.

Currency is only a *form* of money, the same as *gold* is only a form of wealth; and in the same manner that gold is wealth, is currency money. Money being the principle of representation in exchange, everything of which use is made to facilitate exchange in the form of representative value is money. Anything which can be transferred from one party to another, anything that is negotiable which is not actual value of itself, is money. This includes not only all currency, bank notes, but also bills of exchange, the ledger and bonds. These are *all* representatives of wealth, *all* demands for payment at a future time of a certain specified sum, and consequently are money. It is quite evident that, with the terms *wealth* and *money*, we have all the necessary distinctions which should enter into the abstract question of finance. All other terms are but names for separate kinds or forms of these terms, to be made use of when they respectively arise in making exchanges.

Now, every one must at once concede that that which best represents all of the products of labor will also best *exchange* them, and is therefore the *best* money. It is *equally clear* that gold in *no way* represents *any* labor but that which produces it. If gold were a true representative of the results of *all* other labor, except that which produces it, would it not also be apparent that *such* labor must be *equal* to *all* other labor. Were gold a thousand times more valuable than it is held to be, it would not *even then* be able to represent all other values. Therefore, gold is a *false* standard of value, a *false* representative of wealth.

Many people think and speak as if gold would be of no use to this country if it were to come into disuse as *money*; that we should entirely lose it as *wealth*; the very reverse is really true, since we should have just the same quantity of gold that we *now* have, to be used for the *same* purposes for which it is now required, to wit: to export to other countries in exchange for imports.

Suppose our imports to amount to a thousand millions dollars per annum, and that we export cotton, corn and pork to that amount, what use would we have for gold except to loan other countries, and could we not *loan* it as *gold*, taking their representatives of value for it equally as well as though it were coined into money,

having the seal and stamp of the government? It is well known that we do not export gold to Europe as so many American dollars, but as so much gold, by weight of a certain degree of fineness, the stamp of the government attesting to that degree.

Again: Suppose that we had no cotton, corn or pork to give in exchange for our imports, and that we produced a thousand millions dollars' worth of gold per annum, should we not be *equally* well conditioned to trade with Europe?

It is seen that the real character and qualities of gold are the same as are those of any other product of labor, which we can exchange direct, for other products of labor which we want more than we do the gold If at any time the balance of trade is *against* us, and we have *no* cotton, corn, pork, gold or *anything else* to make it good, we must then make it good by our representatives of value—our bonds—to be converted when we shall have these products. This process has been actually going on ever since we began to export bonds, either national, state, county, city, railroad or bonds of other incorporated companies.

Now, is it not *perfectly* evident that we have not only produced by labor what we have exported, which we have been pleased to denominate merchandise, but also that we have produced all the gold that has been exported; and in this connection is it not just as much an article of merchandise as is either cotton or corn? Gold cannot at *one* and the *same* time be both *money* and *merchandise.* If *gold* is money, so also is *wheat, cotton* and *corn* money, since they perform the same *services* and possess the same *qualities* as merchandise that gold does.

To be perfectly clear in our conclusions, money must be resolved into its *uses,* and entirely divested of all its *fictitious* and *irrelevant* relations. The fact that money is that thing which is made use of to exchange real values must be the initial starting-point, of which sight must never be lost until it is *definitely* settled what will *best* perform this service. Anything which can be made use of for *any other purpose whatever,* is *not* the *best* thing to be made use of as money; because the demand for such a thing for such other purposes destroys its positive value as money by causing fluctuations in its exchanging power.

It is a grave financial error for this country to endeavor to return

to gold as money. All the practices under the gold standard have been positive and ample refutations of the arbitrary value accorded to gold. A *dollar* in gold can only exchange a *dollar* in value in any other substance; and the practice of issuing a greater amount of bank notes than the bank has gold dollars to redeem them by, is a *legalized* system to *rob* the people; since it is *evident* that a bank having three hundred thousand dollars in notes in circulation, and only one hundred thousand dollars in gold in its vaults, can redeem but *one-third* of its circulation if it be all presented at once for redemption. All the other securities of a bank, such as its discounts, personal property and real estate, may become of no value, or may be placed out of reach of the holders of its circulation, so that the only *real* security for its circulation is what it may have in gold in its vaults. Beside, what right has a bank to receive legal interest on three times the amount of its real security? Is not this a most *transparent* method of *swindling* the people? Hence I assert that the use of gold as money *always* results disastrously to the producers of wealth, and *always* beneficially to those who are permitted to absorb all their productions.

Another unanswerable reason why gold cannot answer the requirements of money is found in the *degrees of value* which belong to different products of labor, and which are *universally* determined by the sacrifice required to produce them. That is to say, all other things being equal, the *relative* value of products is determined by the *time* and *labor* required to produce them. The increase in the value of manufactured material is in *exact* proportion to the *time* required and *wealth* consumed in their manufacture. The value of gold is determined in *precisely* the same manner; and it is simply foolishness to assert that the value of gold never changes, or that it has the same purchasing power at all times.

Suppose there should be immense fields of gold suddenly developed all over the country, so that it would become as common and plentiful as iron or coal, would it not decrease in value in comparison with other products? That is to say, would an ounce of gold then possess as great a proportionate value to other products as it now does? No one will pretend it. Then gold is just as much the subject of fluctuation as

is any other product of labor, and for *just the same* reasons—demand and supply—which are the great arbitrators of values in all parts of the world.

Everybody knows that for a certain quantity of gold a certain quantity of cotton may be obtained, and for a certain quantity of corn a horse. The fact that the horse is obtainable by the corn does not convert the corn into money, neither does gold any more than the corn become money because the cotton is obtained thereby. The gold for the time is equal in value to the cotton, and so is the corn to the horse. Now, what is required of money is this: Suppose the gold, cotton, corn and the horse to be of equal value, a person possessing an amount of money representing the value of either of the four can, at his discretion, purchase whichever he may choose; since the money would equally represent the gold, cotton, corn and the horse. Anything that may be used for money that will not do the same thing for any variety of the products of labor, values being equal, is not money in any sense of that term.

Incidentally in this connection, because it has an indirect bearing upon the question under consideration, I wish to call attention to a mistake that has been productive of more financial ills and consequent injustice to a large proportion of the people, who are the wealth producers, than any other single cause, and that is the fundamental error of making land, wealth, which it is no more entitled to be, scientifically, than gold is to be called money. Wealth is that which is produced. Land exists. All improvements made upon land are wealth; *but the land proper, never.*

In this almost fatal mistake—almost fatal to the humanitarian interests of the so-called common people—which is fundamental in its nature, is found the *basis* upon which rest the vast disparities in the distributions of wealth, and which gives to certain favored individuals the means of realizing vast fortunes without ever resorting to the production of wealth, or of even accumulating it by trafficking in the different kinds of wealth.

There are numerous examples of this manner of becoming possessed of riches. People acquire title to lands which, by favorable location, come into great demand and consequently rise in value from

one dollar per acre to hundreds of thousands of dollars per acre. By what principle of *equity* and *right* should *any* person be entitled to such vast increases in capital invested in land, when it is entirely attributable to the movements of the community which produce it, and in no single particular to the individual? To be so entitled is for the individual to possess advantages over others to which no just communal government should for a moment consent—is to have the right to appropriate to self the results of labor which belong in common to all the people. Such results are against *all* principles of equity and justice, and is one of the *greatest*, if not *the* greatest error of the present, regarding the equities of property, and is the foundation and prophecy of all other kinds of monopoly.

It occurs to me that an objection may be raised to my argument classing gold as wealth, and defining wealth to be that which can be made use of to minister to life, comfort and happiness; or perhaps to the distinction of permanent and transitory wealth. Gold, as permanent wealth, can only minister to man through its exchange for other valuables of which direct use can be made. It may be said that in *that* sense gold can legitimately be money.

But if there are objectors to this argument, I beg to call their attention to the conclusive fact that gold *can never* be representative of all other kinds of wealth. It is just as impossible that it should be, as it is that a bridge *one* hundred feet in length should span a river *five* hundred feet in width. It must further be remembered that the uses for which money is required demand an invention which can be made use of for *no other* purpose whatever, and that money is the name of an invention *demanded* and made for the purpose of *facilitating* exchanges—for making them easy, *convenient* and *adaptable* to *all* conditions of *all* persons.

Every attempt ever made to compel gold to answer the demands of money has been a disastrous failure. So long as a country enjoys continuous prosperity under a gold standard of value, it is all well enough. The people make use of an expanded volume of currency in the full faith that prosperity will continue and everything be smooth and right.

But anon a *change* comes, the nation is precipitated into conditions which require *more* than its accumulations of gold to meet. *That* being exhausted, it is *inevitable* that representation be resorted to. The wealth in the form of gold not being adequate, and other wealth not having been used or accepted as money, paper representatives of it are the *only* resort. So it appears that when an *emergency* arises the people are *involuntarily* pressed to the use of the principle of representation, which is the *only* scientific thing that can be called money. So that while a paper representative of wealth is, *with everything else*, a product of labor, it is more than that; it is the embodiment and application of a principle, which other products of labor are not; and all principles are fundamental; are the basis of all permanent and all purely scientific things and truths, while wealth is the realized product of the outworking of principles, directed and appropriated by man for his use and convenience.

The direct inquiry can now be made as to *what* will *best perform* what the people require of money; and money is that which can be used to *represent* real values without an absolute *transfer* of such values. The basis of all value of this country is our *present* accumulated *real* wealth and our *capacity* to increase it, and this accumulation and the prospective increase may be *wholly* represented by money and the nation never become bankrupt.

A person may possess wealth to the amount of ten thousand dollars upon which he may issue his representatives of value, or promises to pay that value. These representatives of value would circulate among those who believe in the capacity and intention of the utterer to give *up* to them, *when* demanded, that which they represent. Everybody by his individual right has the authority to issue such representatives of value, and no government has any right to prohibit their circulation; because the people, as individuals, have the right to take or refuse them. The issue of bank notes is upon the same principle, and so long as the government does not in substance *indorse* these issues, the people have the *perfect* right to deal in them—to receive and deliver them.

But there is an insuperable objection—one which cannot be over-

come by any governmental requirements—to these representatives being called the real money of the people, since circumstances over which *neither* their utterers nor receivers can have *any* control may render them valueless—may make it impossible for those who uttered them to redeem them—and their holders find themselves with *bits of paper* representing *nothing;* but for which they parted with real value.

So far as this condition is confined to individuals who had no other reason for receiving them, and no other assurance of their real value than the supposed *capacity* and *intention* of the uttering person or persons, it is *strictly* a legitimate condition; and one with which the sufferers can find *no* fault; since of their own free will and choice they received the utterer's assurances that his representatives were of real value. An individual upon his personal judgment, without undue persuasion, accepts another's representative; if it prove *bad* he has *himself only* to blame for the loss, as coming from an error of judgment; and *no power* or *authority* has any right to step in to compel the making of amends for this error. *This* is the simple doctrine of the *rights* of *individuals*, with which *no third party* has any right to interfere after the occurrence of the fact. But when banks are organized under certain formula of law, framed by the people or their representatives through government, the people receive and pay out their issues—representatives of their value—*not* because they have special confidence in the capacity and intention of the individuals who compose the management, *but* because they *suppose* the management has conformed to *those certain forms of law* which are *intended* to render them safe. In this way the government, at least indirectly, gives *credit* to the bank, and *currency* to its issues, and the people accept them *simply* because the government has done so.

But if these banks are mismanaged either ignorantly or intentionally, or managed by designing men, as often they are, who make use of the governmental sanction to swindle the people, as many times they have, *where* can the people look for redress; *where should* they look for redress? The government is justly responsible to the people for all such issues, since it did not require real security from the banks, and government should make reparation therefor.

This is precisely our objection to *any* and *all* forms of bank issues. There can be *no* arrangement made so *perfect* in security to her people as to *guarantee* them *absolutely* against all hazard, that will permit the banks to make the profits which they seem to think they are entitled to make from the people. In *absolute* security there can be *no* profit. Bank profits demand the circulation of more notes than they have *real* value to represent. Profits come only from speculating either upon the *confidence* or the *money* of the people, and government has *no* right to *protect* such *illegitimate* and *unjust* practices.

Our present system of banking is a *swindle* upon the people, which it is simply surprising that they endure as they have and do. For the banks to be permitted to filch from the people twenty-four million dollars per annum is an *outrageous villainy* which, if comprehended by the people in its *true light*, could not exist *another year*. 'Tis true these banks complied with the law passed in a time of dire necessity, and that through them the government acquired the means to conduct the war. But did not the people themselves do even *more* than furnish money, which was promised to be returned; did they not freely give their *lives*, which can never be returned, and which the government never thought of promising to either return or guarantee, and that, too, for the pitiful sum of thirteen dollars per month? What comparison is there between the sacrifices made by the two classes of people, the capitalists who have absorbed the wealth of the country and the laborers who still continue to give life, property and vitality *to* the country. There is absolutely *no* chance for a comparison; the distinction is *too* great.

It seems to me that if either class is entitled to superior consideration—to receive millions of the people's money—it is the common people who so freely offered their *lives* to save their country, instead of those who simply *loaned* their money at enormous rates of interest, with the certain knowledge that it would be repaid. The present claims are too preposterous, and deceptive, and too unjust to be long continued.

All bank notes in their ultimate effects are frauds upon the people, and their continuation as a circulating medium is only possible because that part of the people who suffer from them have not yet risen into a

proper understanding of the question. The time is, however, near at hand when those who have reveled in the result, of the wear and tear of the muscle, and the sweat of the brow, of the common laborer, will be compelled to produce honestly and equitably everything they would enjoy.

The substitute for all kinds of bank notes as the money for the people should be a *purely people's money*—a *national currency* whose basis of value would be the accumulated wealth of the country, and also its capacity for regularly increasing such wealth. Is there any reliance to be placed in a currency issued by an individual or a number of individuals through an incorporated bank, based upon his or their wealth, which is at all times liable to pass into the hands of other individuals? Yes, there is a presumptive reliance—an indefinite security—but the security is not perfect. In comparison with this security place that of a currency issued by the government, based upon the *entire* wealth of the *whole* country, which, no matter how much it might be changed about among the different persons comprising the nation by various contingencies, could never depart from the country; which fact would render it safe under any and all contingencies that could possibly arise, excepting alone the entire destruction of the country and its government by a foreign power; which contingency is not sufficiently imminent to cause any present alarm.

A national currency *thus* based would have not only *all the gold* of the country as a basis, but also *all other kinds of wealth*. Is it not perfectly plain that such a money would be just so much better than common bank notes, with a one-third gold basis, as the total amount of the wealth of the country is greater than such amount of gold? It would be in the most complete sense the people's money. It would be a system of mutual banking wherein every individual of the country would have an interest, instead of there being a vast number of mutual banking institutions, such as has been proposed by a person of profound financial ideas.

As before stated, my objection to all systems of individual banking is that the *basis* of their issues is at all times *liable* to pass from the possession of such individuals; whereas, in a national currency—the

money of the people, *themselves* in the aggregate the basis and security—there could be *no such* liability; since, if *parts* of the security pass from original to secondary hands, it is *still* the basis of the currency, and could never be transferred beyond the jurisdiction of security by the operations of designing or incapable persons. By no possibility could there ever a loss occur to the holder of such a currency, except it be destroyed in his hands.

Undoubtedly the *greenback* was the *nearest* approach to a *real* money that any people of the earth ever made. We have only to observe how *admirably* it has answered nearly all the purposes for which people require money, to be convinced that it has the very best—the most secure—basis that it is possible for a money to have. It stands representative of the capacity and willingness of the government—the representative of all the people—to pay.

But it is one of the most *difficult* of things for the people to divorce their minds from the idea that gold is the only possible, real money. Yet the *facts* attaching to the greenback stand out in bold and indisputable relief, perfectly and entirely dispelling all basis for the idea. Because the greenback was the *first* step toward a real money that the country ever took, which left gold entirely out of the question, the impression still remains with the people that a *return* must be made to a gold basis; never stopping to observe how vastly superior the wealth basis is to what the gold basis would be.

Bank note currency, or a currency issued by an individual or by a class of individuals, always carries along with itself the *idea* and *need* of redeemability. If, however, there is any thought among the people that the utterers cannot meet their *promises* of redemption, at that *very* time when, of *all* others, *confidence* is necessary to avoid *ruin*, they rush to prove the suspected incapacity; and generally they do prove it.

The idea of, and necessity for, redeemability, is that which *most* requires to be *divorced* from money. Money—real money—should never require to be redeemed. It should always be just as valuable to retain possession of as anything could be into which it may be converted. Anything that requires to be redeemed in order to make it *permanently* valuable or a representative of value is utterly unworthy the name of

money, because it does not truly represent *real* wealth. It is that currency of which there is doubt about the real wealth it pretends to represent which requires to be made redeemable before it will circulate; and *this* fact proves *most* conclusively that it is *not* money in any true sense of that term: that is to say, it is not that which requires to be converted into substance.

It is readily perceivable that a national currency having continually all the nation's wealth, accumulated and prospective, as its basis, never need to be redeemed. This *single* consideration is of quite sufficient importance to *alone* warrant its immediate adoption and use upon the standard of wealth. The gold standard is the flimsiest deception of which it is possible to imagine. The people's talk of approaching a gold standard as the ultimate of appreciation is the *merest jeu d'esprit.* Gold is now selling at say 113. Suppose that during the next year its price should gradually decline to par, or, in the phraseology of the goldites, their country's general credit should appreciate to par, would the process of appreciation *necessarily* stop just at *that* point? Why should it not just as reasonably *continue* to appreciate, so that in another year gold would be below the par of the country's credit? This simple analysis proves beyond *all* cavil the arbitrariness of the gold standard of value.

The credit of a country increases or diminishes without *any* regard whatever to its gold producing or paying capacity. It is governed by its capacity for the *general* production of *all* kinds of wealth over and above its average consumption. It is just the same with a country as it is with an individual; the individual, to become wealthy and to have a good credit, must not necessarily ever have *any* gold; but he must be able to produce or acquire more than he consumes by his general expenses. A country must proceed by the same process to become wealthy, and it is simply an *absurdity* for people to talk of the *prosperity* of the country when *high prices* for *everything* are induced and fostered by a system which restricts *general* production in order that *special* production may flourish. Individuals cannot get rich by rading among themselves, *no matter if they increase the price* of their *wares ten per cent. every year.* Neither can all the individuals of a country do the same

thing. What is required by both is increase in the quantity of what they trade in.

It is not the price of what a people *have* that constitutes their true wealth, but it is the *quantity* of their commodities. A barrel of flour is possessed of no more real value if it cost twenty dollars instead of five. It will not maintain life a day longer, let the price even be a thousand dollars. Thus we arrive at the real basis of values—the real wealth—and I have introduced this, precisely for the purpose of showing the high-priced protectionists that they know nothing about *true* values or *true* economy, as well as to also show that there is *no* real wealth except that which conduces to higher ends than its simple acquisition. Wealth as an end is despotism. Wealth as a means is humanitarianism.

But to return from this departure to the main subject. For the idea of redeemability for money there should be substituted that of convertibility. A real money should at *all times* be capable of being converted into *that* of which it stands *representative*. And here we arrive at the last analysis of a real money. It will be readily seen how completely a national currency meets this requirement. It would be representative of the productive capacity of the country, and could always be converted into whatever portion or kind of its products might be required; or into the products of other countries which may be acquired by the direct exchange of our own products.

What more than this can be demanded of money; or what better thing invented as money; or what more capable of inspiring and maintaining an even and legitimate confidence?

National currency being the very best possible money, because it is not only the most convenient but also the most secure, there remains *nothing* to be done but to *continue* to so *acquaint the people*, until they become *convinced* of the rapaciousness of those systems by which the *large* majority are compelled to labor *all their lives* for the *very select few*. There is no difficulty in arriving at all the initial points necessary to determine the amount required, how it should be distributed and kept in circulation, or how its circulation should be regulated. These are all practicalities of finance.

But there is *one thing* which has never yet received consideration,

which is *absolutely necessary* to make money meet *all* the requirements of money, and at the same time to maintain a *fixed* and *absolute* value at all times and under all circumstances, which money never has had. From its lacking, have come all the various financial convulsions. And *this is*, an absolute measure of value.

Can money be measured so that the same fixedness shall attach to it that attaches to everything else with which we have to do? Money itself has always been considered a measure of value; and it is this false stoppage and foundationless position that has made possible all financial discords, irregularities and inconsistencies. Does it appear to be a strange proposition that money should be measured? Why should not a dollar be just as absolute as a dollar as a pound is as a pound; or as a foot is as a foot; or as a gallon is as a gallon? A cord of wood contains one hundred and twenty-eight solid feet, or eight cord feet. It must *always* be *eight* feet in length, *four* feet in height and *four* feet in width, or some other multiples of one hundred and twenty-eight. A cord can *never* be any more, *never* any less than just that measurement. And the same rule holds of everything else with which we have to do; with quantity, time, space and motion. All these have fixed and unvarying modes of measurement. But money, the lever by which all these are moved, has been left to fluctuate as it would—to be moved by every different influence, so that in *many instances* what should have brought contentment, peace and continuous prosperity, has bequeathed the direct reverse.

It does not concern us that there are *more yards of cloth* at one time than another, provided that *yard-sticks* are all of the same length. But what *would* concern us would be this: That if with increase of the *quantity* of cloth the *length* of the yard-sticks should increase proportionately; or with the *decrease* of the quantity of flour the *pound* should decrease in like proportion therewith. Now this is just what has always been true of money; its *real* value *increases* and *decreases*, just in proportion as those things which it professes to measure have increased or decreased in quantity. Instead of these things being exchanged or converted into something measured by as *fixed* a *standard* as they are, the attempt is made to measure them by *something* which *constantly in-*

creases and *decreases* in representative capacity. In other words, a dollar is not at all times one and the same thing. Sometimes it is but seventy-five cents, and sometimes a dollar and a half. That is to say that seventy five cents at one time possess the same representative power that a dollar and a half does at another time, which is in substance to say that money has no measure.

Now what is desirable and indispensable is to give money a *fixed measurement*, which shall be *just* as absolute in its measure of the value of money as the pound is in its measure of weight, or as the yard-stick is in its measure of distance. There never is any more cloth, though there be a thousand more yard-sticks. Nor is a yard-stick ever any longer or shorter, if the quantity to be measured is increased or decreased a thousand-fold. Now just to such a fixedness must money be reduced before it will subserve its best purposes and uses, and the only way this can be done is by that method which will also remove the *only possible* objection there can be brought against such a national currency as is proposed. This objection is that by over-issues of currency its value would or might be depreciated.

Let it be supposed that the country's extremest need to meet the demands of the greatest amount of trade is a *billion dollars* currency. At certain times there are greater and less demands for money, which, under our present practices, make a dollar, to-day, worth *four per cent. per annum* interest, and to-morrow increase it to *ten per cent.* It must be remembered that we are now speaking of an *irredeemable currency*, the *representative* of the *wealth* of the nation: that the *government* representing the nation has *uttered* it, in behalf of *the people*, upon the *soundest* and, in reality, the *only* sure basis of value *any* money *can have*—the productive power and capacity of the nation.

An over-issue is the only thing to be guarded against. The government must be prohibited by some *absolute law* from resorting to the process so well known in railroad management as the "*watering process.*" And this is to be accomplished in the following manner: This currency—this money—must be made convertible into a national bond, bearing such a rate of interest while in the hands of the people as shall be determined upon as "the true measure of value"—say three or

four per cent.—which experience would necessarily determine as the true point of balance; and the bond also convertible into currency at the option of the holder.

In other words, the people should demand that the Government issue one thousand million dollars in bonds, bearing three per cent. interest, payable in currency, and that it issue one thousand million dollars of circulating medium or money to be loaned to whomsoever deposits the bonds as collateral; all loans to be made at three per cent. per annum; to be for six months, with two renewals of three months each, one-half payable on each renewal. The principle underlying the time being that all credits should be settled with each year's products.

The operation of such a system can be very easily traced. Whenever there should be so much currency in circulation that it would be worth *less* than four per cent., the surplus would at once be invested in the four per cent. interest-bearing national bond; and when business should revive and the demand for money to transact it should make money worth *more* than four per cent., then bonds would be converted into currency again until the equilibrium should be re-established. And whenever the demand should be such that all the money would be converted, and money still be worth more than four per cent., then the government should issue enough to produce the equilibrium.

Thus it is seen that the four per cent. or the three per cent. interest-bearing national bond becomes the *fixed measure* of value for money. It would always be worth *just that amount—never* any more; *never* any less. The gallon measure always gives just the same quantity of molasses. The yard-stick always gives just the same quantity of cloth. The pound weight always gives just the same quantity of sugar. So, too, would this measure of money always give just the same amount of real wealth, or its representative, every day, week, month or year, whether applied to wealth in business, to bonds, or to money at interest. An oscillation would be perpetually maintained; first, conversion of currency into bonds; next, conversion of bonds into currency; and whenever the supply of currency should be deficient, *then the issue of more by the government to meet it.* Thus there would be a *people's*

money regulated to *financial* equilibrium which is the *ultima thule* of convenience for exchanging the products of industry.

It may be remarked, parenthetically, here, that even three per cent. per annum interest is altogether too greatly in favor of capital. A careful calculation of interests and general increase of the nation's wealth discovers that less than a two per cent. interest is required to make the capitalist and the laborer stand upon an equality. Had I the time I would be glad to present you some figures to show to what condition we are tending. I will simply remark, however, if capital continue to receive the present rates of interest for the next thirty-five years, at the end of that time it will have absorbed all the wealth of the country. That is to say, that interest compounded at the rate of 6 per cent. upon the present Banking Capital will amount to a sum larger than the present aggregate of wealth together with the same rate of increase which has governed it during the past, added thereto. Is not this a sufficiently alarming fact to cause people to stop and consider the despotism into which they are rapidly merging?

Everybody who knows anything about the relations of money to the people must prefer such a money as we have indicated to any other kind. It is really the greenback system extended to *all uses* for which money is required, and to which is given a *fixed measure* of value. All people at present interested in national banks and high interest-paying bonds are constitutionally opposed to such a change in our money system. This however, should not deter its introduction and use. The people's welfare is what should be consulted, and made *the test* of all propositions that are to become theirs to practice. National banks and all banks of issue with their drain upon the people to make their immense profits, must be done away, and banks simply as depositories for the accommodation of the people, alone exist.

The national bank and other currency would be gradually called in at the rate of, say ten per cent. a month.

I may add in justification of this plan, that if the Government can loan three hundred millions to the banks for nothing, it can loan to the people for three per cent.; if at the same time it can pay three per cent. on its bonds and in currency, instead of six per cent. and in gold, it secures a new-found advantage.

But one of the *chief* benefits which would come to the people from the proposed currency would be the *interest* which would accrue to the government—all the people—for the use of this money. In other words, *all* the interest now paid to *banks of issue* for *loans*, for the *same* convenience should be paid to the government. A *part* of the people, for the *use* of money belonging to *all* the people, themselves inclusive, would pay *interest* to the government therefor. And what more legitimate method of governmental support than this, if by it all other means of taxation could be annulled? The interest now paid by the people of the country to the Banks and Capitalists would, twice over, pay all costs of maintaining the government. A three-per-cent. interest paid to the government on all loans the people required would not only relieve the people who produce wealth of one-half the interest they now pay, but also of all taxes of all kinds. Is not this a matter to be looked into in the most serious manner?

With such a currency system *once* inaugurated, the country would begin a gradual process of general prosperity. Wealth, instead of accumulating in a *few* hands, would continually tend to an *equal* distribution among *all* producing people. A large part of the speculative mania would be rendered futile, and those now devoting all their time to *hatching schemes* by which to defraud the producing classes of their wealth would be *compelled* to turn producers themselves. It is calculated that one-tenth of the male population of this country is engaged in speculative pursuits. In other words, they "live and grow fat" from those who are engaged in production. And that is our boasted equity, our equality.

It should be the object of all reform to make a *nearer* approach to a system of *complete* justice and a *perfect* equity. Any reform that does not base itself upon *such* a proposition and whose outlook is not in this direction *is no reform*, and does not deserve the serious attention of any. There is scarcely an idea prevalent in the community of what true justice and equity consist. But it may be stated as follows: *No person has any just claim to the ownership of anything which he did not produce or which he did not acquire by an equitable exchange of something which he did produce.* Tested by *this* rule, the accumulated wealth of the world is in

unjust hands; it is held by those who have *a no better title* thereto than if they had actually stolen it. It has been fraudulently acquired, and that is the word which best expresses the manner of its obtainment. And one of the most effective methods of remedying this growing evil is to attain to a true money system—one founded in the requirements to be met and based upon that which it is to represent—that which it is to be used to exchange. Anything that *departs* from these standards is *not* scientific money. That which *has* these for its standards *is* a scientific money.

Aside from all that has been said, there is a general principle rising into the comprehension of humanity which *must of necessity* dethrone that which has so long been worshiped as the money god. The day for arbitrary rule and standards is drawing to a close, whether they be standards of materiality or spirituality; of morals or intellect; of despotism or democracy. Gold *is* an arbitrary money standard, and with all others of like character *must* fall. The tendency of the world is *against it*, and its doom is *already* sealed. It has been *weighed* in the balance and found wanting.

The interest of the common people, who should always hear every new Christ, demands a reform in our monetary and financial systems. We are aware, however, that there is a great deal of prejudice in their minds in favor of "hard money," and they must be awakened to the fact that hard money is a myth—a play upon words—a deception practiced upon them by those who have played the part of "the appropriators of wealth" lo! these many years, and who would continue to filch *year* after *year* all that the "toiling millions" can compel nature to yield up to them. In this process the laboring classes are the mere avenues through which the earth pours its wealth into the coffers of the capitalists.

Some object that the very numerous and intricate methods to which resort would be required would prove *unmanageable*, and that *corruption* would *inevitably* creep in and undermine its usefulness. Let such consider our almost perfect postal system, and how *well balanced* are all its movements and checks, and find therein their answer. Would there be more intricacy in the proposed system than there now

is in the present? Do not all national banks, though nominally distinct, *really* have a common fountain head in government? Does not all their currency come from government? Suppose all these banks, instead of being independent institutions, were an organized system, having a common head, as the banks of New York City virtually have in the Clearing House, would not that be a condition so nearly related to the system which would be required as to show its entire practicability?

Indeed, there is scarcely need that there should be a new department inaugurated to bring such a currency home to the people. Perhaps there never was a system operated in which there was *less* proportionate loss through its executive officers than in our postal system. And this is because the *responsibility* comes *home* to the people. The postmaster is *always* a resident of the *place* in which he officiates, and, either with or without a civil service law, should be the *appointee* of the citizens whom he is to serve; and, of course, would be a person possessing their special confidence. To such persons might the *care* of the public money well be intrusted; and in *all places* except cities a *single* person could perform both the services of postmaster and of United States financial agent.

Means can be easily devised to make all post offices offices for loaning, as they now sell post office stamps and money orders.

In all that I have said my only purpose has been to endeavor to arrive at a proper understanding of the most important feature of governmental justice and uniform equity among all the people. All past systems have failed to secure this. The world has constantly witnessed the proceeds of the labors of the millions *aggregated* in the hands of the few. This advantage which one class has possessed over another cannot long exist under the rapid spread of intelligence, which marks the present generation; and it behooves *this* people to give *due* consideration to *any* scheme which proposes to lessen this advantage. And *most especially* does it become the duty of the people, if there be such a thing as *principles* of *finance*, to *find* them out and cause them to be practically applied.

In fine, and to resume, the idea of money must first be separated

from that of the intrinsic value of gold, or any other commodity, and confined to the mere capacity of representing all commodities, and so of facilitating the exchanges of wealth. This it has been abundantly demonstrated, can be as well, and for various reasons, better done by strips of paper, properly stamped and signed, than by gold or any other metal.

In the next place, these strips of paper, signed by the Government, with the credit and wealth of the whole country, are better than individual promises; though the issuance of individual promises should not and need not be prohibited, as we do not now prohibit anybody from making or receiving private notes, drafts and checks.

Again, the Government Money need not be redeemable, but only convertible into new strips of paper when the old ones are worn out, and into commodies when they are used in trade, and into other Government Securities bearing interest, as I have pointed out.

Still again, money has also been held to be a correct measure of values. This it ought to be, indeed, but has never been so, because it has never been measured itself. Of what use would yard-sticks be, used for measuring cloth, but which had never themselves been measured by anything? The system which I have stated for measuring money itself is believed to be perfect. It is not the individual dollar, relatively to the half dollar or the hundred dollars, that has failed to be measured or fixed; but the rate of increase relatively to other values, of *all the Government currency afloat.* By the convertibility of any excess of issue sinking its value below a certain standard into interest-paying bonds, any over-issue is immediately absorbed, while a deficiency of issue will be revealed by the fact that absolutely no bonds will be sold. In this manner the whole operation will be self-adjusting from day to day; the value of the aggregate of Government money will be accurately measured and kept uniform; and any interest or temptation which the Government might have to an over-issue would be immediately neutralized by the absorption of such surplus into bonds, upon which the Government itself would be paying interest; or, in other words, assuming an unnecessary and useless burden, in the face of the people and of its own economies. Can anything more perfect be

devised? If so, let us have it by all means; if not, let this device be adopted. A self-adjusting, self-regulating admeasurement of the value of money would make it a true measure of other values, and is a suggestion which, if it can be secured, is of unequaled importance.

Another somewhat similar idea was glanced at in passing—that of a definite method of determining scientifically the equitable rate of interest. This I cannot stop now to explain. It will, however, only be when we come quite down to that basis, that the full value of this financial system will be experienced.

Finally, in its basis, this system of Government money is money issued at the mere cost of printing and circulating; but by adjoining with it the idea of a complete, simple and exceedingly economical means of raising the revenue of the country, the three or four per cent. is paid to the treasury; that is to say, by the people individually to the same people in their collective capacity. Under this system all the various revenue officials and tax assessors and gatherers would be dispensed with, and a vast system of economy inaugurated, which, in a few years, would transpose us from a borrowing to a loaning nation, making us the financial example for all the world. This it also seems to me is another invaluable feature of the system, all of which I, however, respectfully submit to the decision of the people.

The interests of humanity which are involved in this question are greater than are the interests of those who have assumed to *rule* the world, and who are endeavoring to *fasten* upon the people *despotism*, to escape from which would require the shedding of whole rivers of human blood and the destruction of the best evidences of our civilization., for which we have a perfect right to feel the greatest admiration.

A *timely* understanding of the money question would guarantee precisely the reverse of *all* this, and cause humanity to take still *greater* and more rapid *strides* toward that perfect enlightenment which can alone thoroughly recognize the common brotherhood of the human race, toward which end all reform should be directed.

[illegible]

[illegible]

END OF
TITLE